

## **FISCAL NOTE**

### **HB 3214 - SB 3429**

February 22, 2008

**SUMMARY OF BILL:** Establishes certain provisions within a contract between a person or entity and a health care provider. Pertains to any original contract with an effective date of January 1, 2009 or after. Any contract in existence prior to January 1, 2009 that is renewed must comply with the provisions by December 31, 2009.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$190,000 FY09  
\$380,000 FY10 and Subsequent Years**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in a increase in the cost of health insurance premiums estimated to exceed \$100,000 for plans to shift part of the increase in administrative costs to enrollees.**

#### **Assumptions:**

- According to the Department of Finance and Administration, the state sponsored health plans spent approximately \$38,000,000 for the administration of the State, Local Education, and Local Government Plans which provided coverage to 140,000 public sector employees and retirees.
- The Department estimates that it will incur a one percent increase, or \$380,000, in administrative expenditures for the maintenance and continual establishment of the provider networks for the PPO, POS, and HMO options that are available to enrollees.
- Any cost associated with the Department of Commerce and Insurance's review of contracts upon receiving complaints of non-compliance can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The provisions of the bill do not apply to the TennCare program, the CoverKids program, or the Cover Tennessee programs.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/kml